How Technology is Changing Grocery Shopping, From the Consumer Perspective

September 6, 2018
1pm ET
#GroceryTrends
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.
Meet your presenters

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Food Marketing Institute

David Fikes
VP, Communications &
Consumer/Community Affairs
Food Marketing Institute

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Vice President, Technology
Food Marketing Institute
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 four years, FMI has partnered with The Hartman Group to conduct this research.

Methodology

Quantitative Research
- A 25-minute online survey among n=2,136 U.S. shoppers aged 18 and older, responsible for at least 50% or more of the grocery shopping in their household
- Fielded February 4-16, 2018
- Additional analysis includes U.S. Census, Bureau of Labor Statistics

Qualitative Research
- In-depth 1-on-1 interviews with shoppers from 4 multi-person households and 1 single-person household in the Baltimore area, including home tours of kitchens and food-storage areas, as well as shop-along interviews in frequented food retail locations
- Five 1-on-1 virtual interviews with shoppers across the nation, augmented with a homework exercise using photos and words for shoppers to show what “eating well” means to them and how shopping supports these needs
- Fielded in October 2017
Overview of 2018 findings

2017

➢ Channel fragmentation continues, with ecommerce gaining users

➢ Transparency means context beyond the package

➢ Food retailers are increasingly well-positioned for shopper wellness

2018

➢ **Online has evolved from a grocery channel to a grocery touchpoint**

   - *Older shoppers are adopting and younger shoppers are discovering a future that differs from industry assumptions*

➢ Shoppers evaluate a food retailer by how well it supports their overarching goal of eating well

   - *Individualized and grounded in occasions, eating well includes diverse objectives around taste and enjoyment, health and connection*

➢ Shoppers trust in their food store to support their wellness more than ever, even as they rely on a wider variety of stores in order to shop well

   - *Grocery stores increasingly need to fulfill a diversity of food experiences, with strategic opportunities to align in-store and digital touchpoints to enhance choice, enjoyment and personal connection*
State of the Marketplace
Currently in the U.S.

85% of all adults say they have at least 50% of the responsibility for household grocery shopping (compared to 84% in 2017).

“He does more of the shopping now. It used to be that he did most of the cooking when I did the shopping, but now our roles have kind of flipped now that we’re eating healthier.”

—Tanya, 45
Co-shopping is still the prevailing strategy

World of Shoppers

Single-person Households

Self Shopper

- 27%
- 44% vs. 2017
- 45%

Primary Shopper

- 44%
- 35% vs. 2017
- 39%

Secondary Shopper

- 7%
- 70% vs. 2017
- 66%

Shared Shopper

- 23%
- 59% vs. 2017
- 48%

Multi-person Households

Co-Shoppers

- Varying degrees of sharing the labor

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One-third of shoppers now shop online

Today:

34% of shoppers are shopping online

28% are shopping online-only retailers, up from 16% in 2015

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Weekly trips remain stable, even among online shoppers.
Online shopper’s weekly spend higher than typical shopper

Weekly spending on "grocery-type" items (FMI estimate of prior calendar year)

Weekly spending on key grocery categories (U.S. Bureau of Labor Statistics estimate) of calendar year shown


#GroceryTrends
Meet the Online Shopper
#GroceryTrends

Online shoppers shop multiple channels/banners

CHANNELS USED ‘ALMOST EVERY TIME’ WHEN SHOPPING FOR FOOD AND GROCERIES

<table>
<thead>
<tr>
<th>Channel</th>
<th>Online Shoppers</th>
<th>Non-Online Shoppers</th>
</tr>
</thead>
<tbody>
<tr>
<td>Supermarket</td>
<td>55%</td>
<td>59%</td>
</tr>
<tr>
<td>Supercenter</td>
<td>29%</td>
<td>23%</td>
</tr>
<tr>
<td>Mass</td>
<td>22%</td>
<td>12%</td>
</tr>
<tr>
<td>Club</td>
<td>14%</td>
<td>6%</td>
</tr>
<tr>
<td>Limited Assortment</td>
<td>15%</td>
<td>7%</td>
</tr>
<tr>
<td>Natural/Organic</td>
<td>11%</td>
<td>2%</td>
</tr>
<tr>
<td>Drug</td>
<td>10%</td>
<td>2%</td>
</tr>
<tr>
<td>Ethnic</td>
<td>12%</td>
<td>1%</td>
</tr>
<tr>
<td>Number of Channels</td>
<td>3.8</td>
<td>2.8</td>
</tr>
</tbody>
</table>

Shoppers visit an average of 4.1 retail banners for groceries each month.

ONLINE Shoppers visit an average of 5.3 retail banners for groceries each month.
The gender divide in online shopping, almost equal

- All Shoppers: 45% Males, 55% Females
- Online Shoppers: 51% Males, 49% Females
- Non-Online Shoppers: 42% Males, 58% Females

#GroceryTrends
The generational divide in online shopping, or not

All Shoppers
- Millennials: 32%
- GenX: 29%
- Baby Boomers: 32%
- Silent: 7%

Online Shoppers
- Millennials: 47%
- GenX: 31%
- Baby Boomers: 19%
- Silent: 4%

Non-Online Shoppers
- Millennials: 24%
- GenX: 27%
- Baby Boomers: 39%
- Silent: 9%

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What is the demographic profile of online shoppers?

- **Non-Online Shoppers**: 40% (Graduate)...
- **Online Shoppers**: 23% (Family)...

Income distribution:
- **Non-Online Shoppers**: $74,000
- **Online Shoppers**: $87,000

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Online shoppers are planners

Pre-shopping Activities

- Check pantry/fridge:
  - Non-Online: 39%
  - Online Shoppers: 78%
  - Overall: 84%

- Check recipes:
  - Non-Online: 42%
  - Online Shoppers: 55%
  - Overall: 44%

- Plans out meals:
  - Non-Online: 34%
  - Online Shoppers: 44%
  - Overall: 34%

List Making

- Make shopping list:
  - Non-Online: 75%
  - Online Shoppers: 81%
  - Overall: 75%

- Different lists for different stores:
  - Non-Online: 29%
  - Online Shoppers: 39%
  - Overall: 29%
Online shoppers utilize digital and traditional list tools

**List Development Tools**

- **Paper list**
  - Non-Online: 6%
  - Online Shoppers: 77%

- **Paper list on flyer/handout from store**
  - Non-Online: 15%
  - Online Shoppers: 15%

- **Digital tool/service for lists in general (such as Cozi, Google Keep, Remember-The-Milk, Wunderlist, AnyList)**
  - Non-Online: 4%
  - Online Shoppers: 17%

- **List feature on store’s website or app**
  - Non-Online: 3%
  - Online Shoppers: 15%

- **Digital tool/service for grocery lists (such as Out-Of-Milk, Grocery IQ, Yummly or BigOven)**
  - Non-Online: 2%
  - Online Shoppers: 10%
Shoppers are savvy digital shoppers

Digital Shopping Activities

- Check stores’ online offerings: 23% (Non-Online) vs. 46% (Online Shoppers)
- Use grocery store app: 27% (Non-Online) vs. 46% (Online Shoppers)
- Search online for discounts: 27% (Non-Online) vs. 43% (Online Shoppers)
- Go online for product info: 8% (Non-Online) vs. 36% (Online Shoppers)
- Use other grocery-related app: 14% (Non-Online) vs. 35% (Online Shoppers)
- Search online for reviews: 5% (Non-Online) vs. 30% (Online Shoppers)

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The Online Shopping Experience
Online shopping happens less frequently than in-store shopping.

Frequency of online ordering:

- 15% Once+/Week
- 15% Every two weeks
- 24% Once a month
- 46% Less often

Online Shoppers order an average of once per month.
Online shoppers take advantage of online service features

**Online Shopping Activities**

- List-building tools based on previous purchases: 58%
- Return of unwanted items: 57%
- Subscribe-and-save for frequently purchased items: 52%
- Integration with other online services (recipes, meal-planning, nutrition, financial, etc.): 38%
Center store continues to dominate online, though fresh categories are gaining.

Past-year online purchases most often include non-perishables:
- Health & beauty: 38%
- Salty snacks: 35%
- Coffee & tea: 34%
- HH cleaning items: 34%
- Paper products: 30%
- Packaged/canned foods: 30%

Categories ordered online least often include many perishables:
- Milk, non-dairy substitutes: 20%
- Fresh meats and seafood: 19%
- Non-prescription drugs: 18%
- Packaged meats: 17%
- Deli foods: 14%
- Fresh bakery items: 11%
- Fresh prepared: 10%
- Meal kits: 7%
- Baby foods*: 3%
While online is emerging as a player in center store, in-store retains trust in the important fresh categories

<table>
<thead>
<tr>
<th>Prefer to buy online</th>
<th>Prefer to buy in-store</th>
</tr>
</thead>
<tbody>
<tr>
<td>2% Fresh produce</td>
<td>92%</td>
</tr>
<tr>
<td>3% Deli foods</td>
<td>91%</td>
</tr>
<tr>
<td>3% Refrigerated dairy foods</td>
<td>91%</td>
</tr>
<tr>
<td>4% Fresh meats &amp; seafood</td>
<td>91%</td>
</tr>
<tr>
<td>3% Fresh bakery items</td>
<td>91%</td>
</tr>
<tr>
<td>3% Milk or substitutes</td>
<td>90%</td>
</tr>
<tr>
<td>3% Packaged meats</td>
<td>89%</td>
</tr>
<tr>
<td>5% Fresh prepared</td>
<td>87%</td>
</tr>
<tr>
<td>3% Frozen foods</td>
<td>87%</td>
</tr>
<tr>
<td>3% Packaged breads</td>
<td>86%</td>
</tr>
<tr>
<td>4% Sweets</td>
<td>76%</td>
</tr>
<tr>
<td>5% Baking/cooking items</td>
<td>75%</td>
</tr>
<tr>
<td>4% Ready to drink beverages</td>
<td>75%</td>
</tr>
<tr>
<td>5% Packaged/canned foods</td>
<td>73%</td>
</tr>
<tr>
<td>4% Salty snacks</td>
<td>73%</td>
</tr>
<tr>
<td>5% Condiments</td>
<td>73%</td>
</tr>
<tr>
<td>6% Meal kits</td>
<td>69%</td>
</tr>
<tr>
<td>6% Non-prescription drugs</td>
<td>68%</td>
</tr>
<tr>
<td>9% Coffee &amp; tea</td>
<td>67%</td>
</tr>
<tr>
<td>9% Bulk foods</td>
<td>65%</td>
</tr>
<tr>
<td>15% Baby food</td>
<td>64%</td>
</tr>
<tr>
<td>9% Household cleaning products</td>
<td>63%</td>
</tr>
<tr>
<td>8% Paper products</td>
<td>63%</td>
</tr>
<tr>
<td>11% Health &amp; beauty products</td>
<td>62%</td>
</tr>
<tr>
<td>17% Pet food or treats</td>
<td>58%</td>
</tr>
</tbody>
</table>

Routinized Tasks, Routinized Purchases

Online is helping to absorb the drudgery of shopping—not only the task itself, but by managing routine, bulk-oriented or less inspiring staples.
Range of options for online order delivery

ONLINE FOOD SOURCES USED, BY GENERATION

ONLINE FULFILLMENT MODELS USED, BY GENERATION

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Use of online grocery is spreading across generations

ONLINE FULFILLMENT SERVICES USED, BY GENERATION, HISTORICAL TREND

- **Same/next-day home delivery**
  - Boomers: 5% (2017), 8% (2018)

- **Standard shipping to home**
  - Gen X: 14% (2017), 10% (2018)
  - Boomers: 6% (2017), 11% (2018)

- **Pickup at my local store**
  - Millennials: 15% (2017), 16% (2018)
  - Gen X: 10% (2017), 4% (2018)
  - Boomers: 2% (2017), 5% (2018)

- **Pickup at other location**
  - Millennials: 10% (2017), 9% (2018)
  - Gen X: 1% (2017), 3% (2018)
  - Boomers: 0% (2017), 0% (2018)
Technology is widely used in-store by all shoppers

<table>
<thead>
<tr>
<th>Currently uses a smartphone to:</th>
<th>Total</th>
<th>Millennials</th>
<th>Gen X</th>
<th>Boomers</th>
</tr>
</thead>
<tbody>
<tr>
<td>Use digital coupons</td>
<td>85%</td>
<td>96%</td>
<td>97%</td>
<td>90%</td>
</tr>
<tr>
<td>Check weekly sales specials at primary store</td>
<td>53%</td>
<td>73%</td>
<td>57%</td>
<td>56%</td>
</tr>
<tr>
<td>Look up recipes</td>
<td>49%</td>
<td>73%</td>
<td>53%</td>
<td>53%</td>
</tr>
<tr>
<td>Read reviews of products and brands</td>
<td>43%</td>
<td>77%</td>
<td>53%</td>
<td>40%</td>
</tr>
<tr>
<td>Use the in-store item locator</td>
<td>30%</td>
<td>64%</td>
<td>34%</td>
<td>25%</td>
</tr>
<tr>
<td>Scan QR codes or traditional barcodes of grocery items to compare pricing across stores</td>
<td>22%</td>
<td>51%</td>
<td>27%</td>
<td>19%</td>
</tr>
<tr>
<td>Scan QR codes or traditional barcodes of grocery items to learn more about their nutritional value</td>
<td>20%</td>
<td>50%</td>
<td>24%</td>
<td>15%</td>
</tr>
</tbody>
</table>
Online shoppers use technology in-store in many ways

**In-store Technology Activities**

- **Use a smartphone in store**: 90% Online Shoppers, 83% Non-Online
- **Use digital coupons**: 63% Online Shoppers, 47% Non-Online
- **Check weekly specials at primary store**: 59% Online Shoppers, 43% Non-Online
- **Look up recipes**: 59% Online Shoppers, 33% Non-Online
- **Read reviews of products/brands**: 49% Online Shoppers, 18% Non-Online
- **Use in-store item locator**: 39% Online Shoppers, 16% Non-Online
- **Scan QR code or barcode to compare pricing across store**: 40% Online Shoppers, 11% Non-Online
- **Scan QR code or barcode of item to learn more about nutritional content**: 38% Online Shoppers, 9% Non-Online
Retailers should consider multiple touchpoints to engage shoppers

<table>
<thead>
<tr>
<th>Activity</th>
<th>Online Shoppers</th>
<th>Non-Online Shoppers</th>
</tr>
</thead>
<tbody>
<tr>
<td>Used a rewards card or account</td>
<td>51%</td>
<td>50%</td>
</tr>
<tr>
<td>Used a mobile app*</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Grocery store app</td>
<td>27%</td>
<td>22%</td>
</tr>
<tr>
<td>Interacted through the store's website</td>
<td>20%</td>
<td>19%</td>
</tr>
<tr>
<td>Signed up for newsletters via email or home address</td>
<td>13%</td>
<td>13%</td>
</tr>
<tr>
<td>Signed up to receive customized email or newsletters</td>
<td>11%</td>
<td>10%</td>
</tr>
<tr>
<td>Submitted contest entry with phone number or address</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Followed/liked my store through online social network</td>
<td>4%</td>
<td>3%</td>
</tr>
<tr>
<td>Provided my phone number for text messages</td>
<td>7%</td>
<td>4%</td>
</tr>
<tr>
<td>Maintained health profile with store dietitian/nutritionist</td>
<td>9%</td>
<td>4%</td>
</tr>
<tr>
<td>None of the above</td>
<td>18%</td>
<td>34%</td>
</tr>
</tbody>
</table>

Grocery Store app downloads up from 15% in 2017 to 22%
Online shopping has emerged as a solve for the pragmatic elements of shopping well while supporting personalization.

“The main online advantage is the extremely fast checkout. It might take me 30 minutes to gather everything I need, whereas online I get the same stuff in a few minutes. Saving time. That’s the main thing.” – David, 45

<table>
<thead>
<tr>
<th>ADVANTAGES OF ONLINE GROCERY SHOPPING</th>
<th>53%</th>
<th>50%</th>
<th>31%</th>
<th>20%</th>
<th>19%</th>
<th>17%</th>
<th>16%</th>
<th>15%</th>
<th>11%</th>
<th>8%</th>
<th>7%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Saves time</td>
<td></td>
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<td></td>
<td></td>
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<td></td>
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<tr>
<td>More convenient</td>
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<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Allows me to get items I can't find in store</td>
<td></td>
<td></td>
<td>31%</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Saves money</td>
<td></td>
<td></td>
<td></td>
<td>20%</td>
<td></td>
<td></td>
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<td></td>
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<tr>
<td>Provides a wider selection of products</td>
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<td></td>
<td></td>
<td></td>
<td>19%</td>
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<td></td>
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<td></td>
</tr>
<tr>
<td>Can keep stored shopping list and reorder from it</td>
<td></td>
<td>17%</td>
<td></td>
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<td></td>
</tr>
<tr>
<td>More pleasant than going to the store</td>
<td></td>
<td></td>
<td></td>
<td>16%</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Knows my preferences/shopping history</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>15%</td>
<td></td>
<td></td>
<td></td>
<td></td>
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<td></td>
</tr>
<tr>
<td>More sustainable than single trips to the store</td>
<td></td>
<td></td>
<td></td>
<td>11%</td>
<td></td>
<td></td>
<td></td>
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<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Provides better-quality products</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>8%</td>
<td></td>
<td></td>
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</tr>
<tr>
<td>Provides fresher produce</td>
<td></td>
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<td></td>
<td></td>
<td></td>
<td>7%</td>
<td></td>
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</tr>
</tbody>
</table>

Online lubricates friction points of task and budgetary management.

Time, convenience, accessibility are biggest benefits.

It also delivers a degree of personalization, using technology to anticipate needs and preferences for more seamless use.

Online broadens and deepens choices.

Taps notions of personalization by providing greater access to categories and brands that align with household interests and preferences.
Loss of control, cost and quality are disadvantages of online shopping

“*When in the store, I can look around to see what they have if they are out food or something. Maybe I’ll do X or Y. And I can see if the ingredient list has changed by the manufacturer. I can’t do that if someone else is picking my food for me. I can make the best choices for me.*”

– Dena, 47

“*If I were to shop online, I’d have to have more money. I couldn’t be as financially tied to what’s on sale.*”

– Stephanie, 33

<table>
<thead>
<tr>
<th>Disadvantage</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>I can’t pick my own products</td>
<td>33%</td>
</tr>
<tr>
<td>I can’t return items easily</td>
<td>28%</td>
</tr>
<tr>
<td>Is more expensive</td>
<td>27%</td>
</tr>
<tr>
<td>Products are sometimes delivered spoiled or broken</td>
<td>23%</td>
</tr>
<tr>
<td>Products aren’t as fresh</td>
<td>22%</td>
</tr>
<tr>
<td>Is harder to notice and explore new products</td>
<td>22%</td>
</tr>
<tr>
<td>Takes away opportunity to get out of the house</td>
<td>18%</td>
</tr>
<tr>
<td>Takes more time</td>
<td>13%</td>
</tr>
<tr>
<td>Is less fun than going to the store</td>
<td>10%</td>
</tr>
<tr>
<td>Is more complicated</td>
<td>9%</td>
</tr>
<tr>
<td>Is less convenient</td>
<td>7%</td>
</tr>
<tr>
<td>None</td>
<td>11%</td>
</tr>
</tbody>
</table>

#GroceryTrends
Despite in-roads by online, in-store remains differentiated for its expertise in fresh categories and service

<table>
<thead>
<tr>
<th>Category</th>
<th>B&amp;M does a better job</th>
<th>Online does a better or equal job</th>
</tr>
</thead>
<tbody>
<tr>
<td>Freshness of perishable items</td>
<td>60%</td>
<td>22%</td>
</tr>
<tr>
<td>Good value for money</td>
<td>44%</td>
<td>36%</td>
</tr>
<tr>
<td>Affordable everyday prices</td>
<td>46%</td>
<td>35%</td>
</tr>
<tr>
<td>Broad selection of products</td>
<td>41%</td>
<td>42%</td>
</tr>
<tr>
<td>Convenient to use</td>
<td>38%</td>
<td>45%</td>
</tr>
<tr>
<td>Ability to save through sales, discounts and coupons</td>
<td>45%</td>
<td>35%</td>
</tr>
<tr>
<td>Openness and honesty</td>
<td>31%</td>
<td>38%</td>
</tr>
<tr>
<td>Helpful customer service</td>
<td>45%</td>
<td>33%</td>
</tr>
<tr>
<td>Easy returns process</td>
<td>49%</td>
<td>26%</td>
</tr>
<tr>
<td>Quick access to customer service</td>
<td>48%</td>
<td>32%</td>
</tr>
<tr>
<td>Sustainable and ethical practices</td>
<td>27%</td>
<td>36%</td>
</tr>
<tr>
<td>Availability of loyalty/rewards programs</td>
<td>42%</td>
<td>32%</td>
</tr>
<tr>
<td>Access to detailed product information</td>
<td>26%</td>
<td>49%</td>
</tr>
<tr>
<td>Selection of natural product offerings</td>
<td>32%</td>
<td>39%</td>
</tr>
<tr>
<td>Selection of organic product offerings</td>
<td>32%</td>
<td>38%</td>
</tr>
<tr>
<td>Opportunities to explore &amp; learn about food/cooking</td>
<td>25%</td>
<td>39%</td>
</tr>
</tbody>
</table>
Online shoppers hold online and in-store to similar standards

**IMPORTANT QUALITIES OF A REGULAR FULL-SERVICE SUPERMARKET VS. ONLINE FOOD RETAILER**

(Among Online Shoppers)

- **Freshness of perishable items**: 75% Regular full-service supermarket, 68% Online food retailer
- **Affordable everyday prices**: 71% Regular full-service supermarket, 67% Online food retailer
- **Convenient to use**: 59% Regular full-service supermarket, 59% Online food retailer
- **Broad selection of products**: 64% Regular full-service supermarket, 63% Online food retailer
- **Openness and honesty**: 59% Regular full-service supermarket, 58% Online food retailer
- **Helpful customer service**: 53% Regular full-service supermarket, 52% Online food retailer
- **Ability to save through sales/discounts/coupons**: 52% Regular full-service supermarket, 52% Online food retailer
- **Quick access to customer service**: 51% Regular full-service supermarket, 45% Online food retailer
- **Easy returns process**: 50% Regular full-service supermarket, 44% Online food retailer
- **Access to detailed product information**: 48% Regular full-service supermarket, 37% Online food retailer
- **Sustainable and ethical practices**: 39% Regular full-service supermarket, 38% Online food retailer
- **Availability of loyalty/rewards programs**: 39% Regular full-service supermarket, 34% Online food retailer
- **Selection of natural product offerings**: 36% Regular full-service supermarket, 33% Online food retailer
- **Selection of organic product offerings**: 34% Regular full-service supermarket, 31% Online food retailer
- **Opportunities to explore & learn**: 26% Regular full-service supermarket, 21% Online food retailer

#GroceryTrends
The Future of Food Retail
As the landscape changes, B&M will remain in shoppers desire to eat well and shop well

TO HELP ME EAT WELL, 2-3 YEARS FROM NOW, I WILL...

<table>
<thead>
<tr>
<th></th>
<th>Shop in store more</th>
<th>No change</th>
<th>Shop online more</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total</td>
<td>19%</td>
<td>65%</td>
<td>16%</td>
</tr>
<tr>
<td>Millennial 18-38</td>
<td>18%</td>
<td>55%</td>
<td>27%</td>
</tr>
<tr>
<td>Gen X 39-52</td>
<td>17%</td>
<td>64%</td>
<td>19%</td>
</tr>
<tr>
<td>Boomer 53-71</td>
<td>20%</td>
<td>73%</td>
<td>8%</td>
</tr>
<tr>
<td>Millennial with kids</td>
<td>18%</td>
<td>48%</td>
<td>34%</td>
</tr>
<tr>
<td>Millennial without kids</td>
<td>18%</td>
<td>59%</td>
<td>23%</td>
</tr>
</tbody>
</table>

How grocery stores will be used is likely to shift

“I’ll do some in-person shopping just to pick my own produce and the social element. But I can imagine Online increasing ... When we’re fully into our retirement ... We will have all this time but we may want to use that time for something else.”

– Randy, 55 & Linda, 55
The future value of food retail will require it to navigate quality, facilitate choice and create personal connection.

Adapting, Integrating Channel Strategy
Rather than a separate, competitive channel, Online may well be integrated as a central part of retailers’ strategy, speaking to shopping and eating occasions especially suited to that touch point.

“In the future we may do the physical store only when we want to explore specialty items or certain fresh things. Especially if they have very personable employees and the samples are impeccable.”
– Eric, 31 & Therese, 30

What would be a problem if regular stores disappeared and I had to get all my groceries online ...

<table>
<thead>
<tr>
<th>Problem</th>
<th>No, this isn’t a priority for me</th>
<th>No, online-only resources will solve this</th>
<th>Yes, this will be a problem</th>
</tr>
</thead>
<tbody>
<tr>
<td>The perishable items won’t be as fresh or high-quality</td>
<td>8%</td>
<td>25%</td>
<td>67%</td>
</tr>
<tr>
<td>I won’t be able to choose my own foods and beverages</td>
<td>13%</td>
<td>39%</td>
<td>48%</td>
</tr>
<tr>
<td>I will feel disconnected from the products I consume</td>
<td>33%</td>
<td>23%</td>
<td>44%</td>
</tr>
<tr>
<td>It will be harder to know where products come from</td>
<td>26%</td>
<td>36%</td>
<td>28%</td>
</tr>
<tr>
<td>I won’t have access to a live person to help me find and choose products</td>
<td>38%</td>
<td>36%</td>
<td>28%</td>
</tr>
<tr>
<td>It will be harder to get products in an ethical and/or sustainable way</td>
<td>37%</td>
<td>26%</td>
<td>35%</td>
</tr>
<tr>
<td>With quick delivery, I won’t be as motivated to make weekly/monthly meal plans</td>
<td>48%</td>
<td>28%</td>
<td>24%</td>
</tr>
</tbody>
</table>

#GroceryTrends
Digital communication is increasingly influencing both eating and shopping well

Already entrenched in pre-shopping, digital tools are increasingly influencing in-store rituals

- Digital list making
- Websites and apps for passive and active discovery, information
- Smartphone use in-aisle
- Amazon Prime household penetration and use in non-food grocery

“Prior to the smartphone, I needed a computer. But in the store I may pivot my plan. I’ll google something to find a quick recipe or text [my wife] to confirm things.”

– Eric, 31
Procuring groceries online is the inevitable progression of digital’s influence on eating and shopping well.

Consumers are experimenting with various modes and resources to determine if/how online delivers against shopping-well aims.

Replace visits
- Third-Party Delivery
- Click & Collect
- Pure Play

Augment visits
- Direct to Consumer
- Meal Kits
- Snack Kits

“I tried a third-party grocery delivery service and it was great. Whether it’s grocery delivery or shipped to your doorstep the key is the quality of the person picking the items.”

– Dena, 47
**KEY TAKEAWAYS ABOUT HOW TECHNOLOGY IS CHANGING GROCERY SHOPPING**

**Shoppers now experience food digitally:** Younger consumers already accept digital tools in their food shopping routines, have begun to leverage digital innovations to expand their eating routines, and expect digital platforms and tools to evolve to help them to both eat and shop well; a meaningful number of older shoppers are now starting to experience food through technology as well.

**Supermarkets are central:** Although online retailers are developing new solutions and experiences, B&M supermarkets will continue to have an important role, particularly for fresh categories and personal experiences.
Q&A
June 26

1. Inside the Grocery Shopper’s Head: Where They’ve Been, Where They’re Going.

July 31

2. The Shopper Desire to Eat Well and the Implications for Shopping.

Today

3. How Technology is Changing Grocery Shopping, From the Consumer Perspective.
Learn more about Grocery Shopping Trends and download the full report at:

www.fmi.org/grocerytrends

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